

Copperton Improvement District

Basic Financial Statements and
Report of Independent Certified Public Accountants

December 31, 2006

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OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Copperton Improvement District

We have audited the accompanying basic financial statements of Copperton Improvement District (the District) as of and for the years ended December 31, 2006 and 2005, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Copperton Improvement District as of December 31, 2006 and 2005, and the changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2007 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that comprise the District's basic financial statements. The other supplemental financial information on page 25 of this report is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Osborne Robbins & Buhler PLLC

May 7, 2007

Copperton Improvement District
Management's Discussion and Analysis (Unaudited)
December 31, 2006

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2006. Please read it in conjunction with the District's basic financial statements, which begin on page 10.

Because this is the third year this analysis is being presented with comparative data from the previous year. This year's data will be analyzed for the current and multiple years.

FINANCIAL HIGHLIGHTS

The District's net assets increased by \$50,817 for 2006. The increase can be primarily attributed to three factors. One factor was an increase in property taxes of \$8,039 or 22% over the previous year. The increase is primarily due to new growth in the District. The second factor was a 65% increase in interest income. This increase was the result of higher interest rates earned and an increase in cash investments held by the District, although the cash investments are restricted for debt service and water system improvements. This resulted in an increase in interest income of \$11,080 over the previous year. The third factor was the collection of impact fees and connection fees on three new homes constructed within the District. The District collected \$5,313 in impact fees and \$1,227 in connection fees whereas no impact fee or connection fee revenues were collected in the preceding year.

Revenues, including property taxes totaled \$319,118 for the fiscal year. This was an increase of \$24,259 from the previous year. The changes from the previous fiscal year are depicted by category as follows:

	2006	2005	Change
Water charges	\$220,861	\$218,441	\$ 2,420
Connection fees	1,227	-	1,227
Property taxes	44,919	36,880	8,039
Interest income	27,889	16,809	11,080
Gain on sale of fixed assets	8,895	14,579	(5,684)
Impact fees	5,313	-	5,313
Miscellaneous	10,014	8,150	1,864
	<u>\$319,118</u>	<u>\$294,859</u>	<u>\$ 24,259</u>

	2005	2004	Change
Water charges	\$218,441	\$219,818	\$ (1,377)
Property taxes	36,880	34,992	1,888
Interest income	16,809	8,754	8,055
Gain on sale of fixed assets	14,579	-	14,579
Miscellaneous	8,150	6,155	1,995
	<u>\$294,859</u>	<u>\$269,719</u>	<u>\$ 25,140</u>

Expenses increased from the previous year. Operating expenses were \$237,812 in 2006, compared with \$198,050 in 2005. The major increase was in professional services expense because of on-going litigation with the contractor who constructed system improvements in 2003 and 2004. The part-time water manager contract was also increased during the second quarter of 2006.

The District's total long-term obligations decreased during 2006 by \$64,000. The District has \$1,100,310 of outstanding water revenue bonds due serially through 2023 with interest rates ranging from 1.96% to 3.37%.

**Copperton Improvement District
Management's Discussion and Analysis (Unaudited)
December 31, 2006**

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements.

The Statement of Net Assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information showing how the District's net assets changed during the year presented. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The Statement of Cash Flows presents information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS

To begin our analysis, a summary of the District's Statement of Net Assets is presented in Table A-1.

As noted earlier, net assets may serve, over time, as a useful indicator of the District's financial position. As of December 31, 2006, the District's assets exceeded liabilities by \$1,044,517. Previous year net assets were \$993,700. The increase from the previous year was due to the increases in property taxes and interest income.

**TABLE A-1
Condensed Statement of Net Assets**

	December 31, 2006	December 31, 2005	Change
Current and other assets	\$ 653,069	\$ 627,173	\$25,896
Capital assets	1,547,959	1,555,467	(7,508)
Total assets	2,201,028	2,182,640	18,388
Long-term obligations	1,033,310	1,100,310	(67,000)
Other liabilities	123,201	88,630	34,571
Total liabilities	1,156,511	1,188,940	(32,429)
Net assets invested in capital			
Assets, net of related debt	447,649	391,157	56,492
Net assets restricted for debt			
Service and replacement	165,796	156,400	9,396
Net assets unrestricted	431,072	446,143	(15,071)
Total net assets	\$1,044,517	\$ 993,700	\$ 50,817

**TABLE A-1- Continued
Condensed Statement of Net Assets**

	December 31, 2005	December 31, 2004	Change
Current and other assets	\$ 627,173	\$ 580,113	\$47,060
Capital assets	1,555,467	1,620,806	(65,339)
Total assets	2,182,640	2,200,919	(18,279)

**Copperton Improvement District
Management's Discussion and Analysis (Unaudited)
December 31, 2006**

Long-term obligations	1,100,310	1,164,310	(64,000)
Other liabilities	88,630	107,437	(18,807)
Total liabilities	<u>1,188,940</u>	<u>1,271,747</u>	<u>(82,807)</u>
Net assets invested in capital			
Assets, net of related debt	391,157	393,496	(2,339)
Net assets restricted for debt			
Service and replacement	156,400	118,621	37,779
Net assets unrestricted	<u>446,143</u>	<u>417,055</u>	<u>29,088</u>
Total net assets	<u>\$ 993,700</u>	<u>\$ 929,172</u>	<u>\$ 64,528</u>

**TABLE A-2
Changes in Net Assets**

	Year Ended December 31, 2006	Year Ended December 31, 2005	Change
Operating revenues			
Water charges	\$220,861	\$218,441	\$ 2,420
Connection fees	1,227	-	1,227
Total operating revenues	222,088	218,441	3,647
Operating expenses			
Wages and benefits	15,685	34,351	(18,666)
Repairs and maintenance	13,356	5,161	8,195
Professional services	99,584	64,146	35,438
Utilities and telephone	29,818	17,261	12,557
Insurance	12,358	11,783	575
Supplies	2,809	2,789	20
Miscellaneous	3,011	3,189	(178)
Depreciation and amortization	61,191	59,370	1,821
Total operating expenses	237,812	198,050	39,762
Operating income	(15,724)	20,391	(36,115)
Nonoperating revenues (expenses)			
Interest income	27,889	16,809	11,080
Property taxes	44,919	36,880	8,039
Gain on sale of fixed assets	8,895	14,579	(5,684)
Other revenue	10,014	8,150	1,864
Impact fees	5,313	-	5,313
Interest expense	(30,489)	(32,281)	1,792
Total nonoperating revenues (expenses)	66,541	44,137	22,404
Increase in net assets	50,817	64,528	<u>\$(13,711)</u>
Net assets at beginning of year	<u>993,700</u>	<u>929,172</u>	
Net assets at end of year	<u>\$1,044,517</u>	<u>\$993,700</u>	

Copperton Improvement District
Management's Discussion and Analysis (Unaudited)
December 31, 2006

TABLE A-2- Continued
Changes in Net Assets-Continued

	Year Ended December 31, 2005	Year Ended December 31, 2004	Change
Operating revenues			
Water charges	\$218,441	\$219,818	\$(1,377)
Operating expenses			
Wages and benefits	34,351	72,401	(38,050)
Repairs and maintenance	5,161	10,447	(5,286)
Professional services	64,146	25,416	38,730
Utilities and telephone	17,261	13,591	3,670
Insurance	11,783	11,385	398
Supplies	2,789	2,867	(78)
Miscellaneous	3,189	2,909	280
Depreciation and amortization	59,370	61,688	(2,318)
Total operating expenses	198,050	200,704	(2,654)
Operating income	20,391	19,114	1,277
Nonoperating revenues (expenses)			
Interest income	16,809	8,754	8,055
Property taxes	36,880	34,992	1,888
Gain on sale of fixed assets	14,579	-	14,579
Other revenue	8,150	6,155	1,995
Interest expense	(32,281)	(34,019)	1,738
Total nonoperating revenues (expenses)	44,137	15,882	28,255
Increase in net assets	64,528	34,996	\$29,532
Net assets at beginning of year	929,172	894,176	
Net assets at end of year	\$993,700	\$929,172	

The change in net assets for 2006 was due primarily to the increases in interest income and property taxes. The savings from the decrease in wages and benefits was offset by the increase in professional services.

**Copperton Improvement District
Management's Discussion and Analysis (Unaudited)
December 31, 2006**

BUDGETARY HIGHLIGHTS

During the year, the budgeted revenues were not changed from the original budget of \$286,490, nor were there any amendments to budgeted expenditures. Monthly reports that monitor revenues and expenses are presented to the Board of Trustees. Actual revenues exceeded budgeted revenues by \$32,628. This increase was a combination of three factors, property taxes increasing because of growth, an increase in interest income, and the sale of old equipment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2006, \$2,351,260 had been invested in capital assets, as shown in Table A-3. This amount increased by \$30,676 over the prior year primarily due to the improvement of the chlorine room and the capitalization of engineering costs related to a planned project to improve the transmission lines.

**TABLE A-3
Capital Assets at Cost**

	December 31, 2006	December 31, 2005
Land improvements	\$ 11,537	\$ 11,537
Construction in progress	29,400	-
Buildings	153,295	144,745
Wells, pumps and water lines	1,842,607	1,827,607
Tanks and reservoirs	272,636	272,636
Machinery and equipment	41,785	64,059
	<u>\$2,351,260</u>	<u>\$2,320,584</u>

**TABLE A-3
Capital Assets at Cost**

	December 31, 2005	December 31, 2004
Land improvements	\$ 11,537	\$ 11,537
Buildings	144,745	144,745
Wells, pumps and water lines	1,827,607	1,827,607
Tanks and reservoirs	272,636	272,636
Machinery and equipment	64,059	103,456
	<u>\$2,320,584</u>	<u>\$2,359,981</u>

Additional information on the District's capital assets can be found in Note E on pages 19 and 20 of this report.

Debt

During 2002, the District issued \$1,288,310 in Water revenue bonds to finance the replacement of existing water lines that were over fifty years old. The bonds have an outstanding balance at December 31, 2006 of \$1,100,310.

**Copperton Improvement District
Management's Discussion and Analysis (Unaudited)
December 31, 2006**

The following summarizes the long-term debt activity for the District for fiscal year 2006,

**TABLE A-4
Long-Term Debt Outstanding**

	Balance at December 31, 2006	Balance at December 31, 2005	Change
2002 Revenue bonds	<u>\$1,100,310</u>	<u>\$1,164,310</u>	<u>\$(64,000)</u>

**TABLE A-4
Long-Term Debt Outstanding**

	Balance at December 31, 2005	Balance at December 31, 2004	Change
2002 Revenue bonds	<u>\$1,164,310</u>	<u>\$1,227,310</u>	<u>\$(63,000)</u>

The District has never received a bond rating.

Additional information on the District's Long-Term Debt can be found in Note F on pages 20 and 21 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S OPERATIONS

Many operational issues are affecting the District. The primary issue is the completion of Phase 2 of the capital improvements plan. The Phase 2 project has recently been bid out to contractors and we are currently in process of awarding this bid. The project will be completed by year-end.

The fiscal year 2007 budget reflects an increase from the fiscal year 2006 budget in the amount of \$607,000. The increase represents two factors. The first is a slight increase in revenues relating to interest income and property taxes. The second is the use of construction project reserves of \$400,000 and the issuance of new debt to complete Phase 2 of the capital facilities plan.

CONTACTING THE DISTRICT'S FINANCIAL MANGEMENT

This report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District's Finance Director at 13768 S 4170 W, Riverton Utah 84006, by phone at (801) 580-6327.

BASIC FINANCIAL STATEMENTS

Copperton Improvement District
Statements of Net Assets
December 31,

	2006	2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 130,588	\$ 126,580
Accounts receivable (no allowance for doubtful accounts considered necessary)	20,488	22,005
Property taxes receivable	311	606
Total current assets	<u>151,387</u>	<u>149,191</u>
Noncurrent assets:		
Restricted cash and cash equivalents	476,048	451,615
Nondepreciable capital assets	29,400	-
Depreciable capital assets, net of accumulated depreciation	1,518,559	1,555,467
Debt issue costs, net	25,634	26,367
Total noncurrent assets	<u>2,049,641</u>	<u>2,033,449</u>
Total assets	<u>\$ 2,201,028</u>	<u>\$ 2,182,640</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 37,483	\$ 4,955
Accrued liabilities	2,615	2,790
Current liabilities payable from restricted assets		
Accounts payable and accrued liabilities	16,103	16,885
Current portion, revenue bonds payable	67,000	64,000
Total current liabilities	<u>123,201</u>	<u>88,630</u>
Noncurrent liabilities		
Revenue bonds payable	1,033,310	1,100,310
Total noncurrent liabilities	<u>1,033,310</u>	<u>1,100,310</u>
Total liabilities	<u>1,156,511</u>	<u>1,188,940</u>
NET ASSETS		
Invested in capital assets, net of related debt	447,649	391,157
Restricted for debt service and replacement	165,796	156,400
Unrestricted (deficit)	431,072	446,143
Total net assets	<u>1,044,517</u>	<u>993,700</u>
Total liabilities and net assets	<u>\$ 2,201,028</u>	<u>\$ 2,182,640</u>

See accompanying notes to the basic financial statements.

Copperton Improvement District
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Years Ended December 31,

	2006	2005
Operating revenues (pledged as security for revenue bonds)		
Water charges	\$ 220,861	\$ 218,441
Connection fees	1,227	-
Total operating revenues	222,088	218,441
Operating expenses		
Wages and benefits	15,685	34,351
Repairs and maintenance	13,356	5,161
Professional services	99,584	64,146
Utilities and telephone	29,818	17,261
Insurance	12,358	11,783
Supplies	2,809	2,789
Miscellaneous	3,011	3,189
Depreciation and amortization	61,191	59,370
Total operating expenses	237,812	198,050
Operating income	(15,724)	20,391
Nonoperating revenues (expenses)		
Interest income	27,889	16,809
Property taxes	44,919	36,880
Gain on sale of capital assets	8,895	14,579
Other revenue	10,014	8,150
Impact fees	5,313	-
Interest expense	(30,489)	(32,281)
Total nonoperating revenues (expenses)	66,541	44,137
Increase in net assets	50,817	64,528
Net assets at beginning of year	993,700	929,172
Net assets at end of year	\$ 1,044,517	\$ 993,700

See accompanying notes to the basic financial statements.

Copperton Improvement District
Statements of Cash Flows
For the years ended December 31,

	2006	2005
Cash flows from operating activities		
Receipts from customers	\$ 223,605	\$ 220,365
Payments to suppliers	(128,408)	(120,387)
Payments to employees	(15,760)	(35,753)
Other receipts	9,914	6,550
Net cash provided by operating activities	89,351	70,775
Cash flows from noncapital financing activities		
Property taxes collected	45,214	36,274
Net cash provided by noncapital financing activities	45,214	36,274
Cash flows from capital and related financing activities		
Purchase of capital assets	(52,950)	-
Payments from restricted assets to suppliers	-	-
Issuance of long-term obligations	-	-
Principal paid on long-term obligations	(64,000)	(63,000)
Interest paid on long-term obligations	(31,271)	(33,027)
Impact fees collected	5,313	-
Net cash used by capital and related financing activities	(142,908)	(96,027)
Cash flows from investing activities		
Interest income collected	27,889	16,809
Proceeds from sale of capital assets	8,895	21,280
Net cash provided by investing activities	36,784	38,089
Net increase in cash and cash equivalents	28,441	49,111
Cash and cash equivalents at beginning of year	578,195	529,084
Cash and cash equivalents at end of year	\$ 606,636	\$ 578,195
Cash and cash equivalents consists of :		
Unrestricted cash and cash equivalents	\$ 130,588	\$ 126,580
Restricted cash and cash equivalents	476,048	451,615
	\$ 606,636	\$ 578,195
Reconciliation of operating income to net cash provided by operating activities		
Operating income (loss)	\$ (15,724)	\$ 20,391
Adjustments to reconcile operating income to net cash used in operating activities		
Depreciation and amortization	61,191	59,370
Changes in assets and liabilities		
Receivables	1,517	1,924
Accounts payable	32,528	(16,057)
Accrued liabilities	(75)	(1,403)
Deposits & other receipts	9,914	6,550
Net cash provided by operating activities	\$ 89,351	\$ 70,775

See accompanying notes to the basic financial statements.

Copperton Improvement District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE A - SUMMARY OF ACCOUNTING POLICIES

Copperton Improvement District (the District) was established under the laws of the State of Utah in 1956 by resolution of the Board of County Commissioners of Salt Lake County, Utah (the County). The District operates under the direction of an elected Board of Trustees. The purpose of the District is to acquire and operate a system for the distribution of culinary water to the Copperton, Utah area.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

Reporting entity

The County does not impose will or have a financial benefit, burden or dependency relationship with the District and therefore, the District is not considered a component unit of the County. There are no entities that are component units of the District.

Basic Financial Statements and Basis of Accounting

The District is a government entity accounted for as an enterprise fund and categorized as a business-type activity. Operations are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The records of the District are maintained on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. Nonoperating revenues and expenses are those related to capital and related financing, noncapital financing, or investing activities.

Copperton Improvement District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Budgetary Data

On an annual basis, the District prepares a tentative budget which is adopted on or before the first regularly scheduled meeting of the board of trustees in December. A public hearing is scheduled for the meeting in December. The final budget is adopted by resolution at the board meeting in December, following the public hearing.

The budget is adopted on a basis consistent with GAAP with the following exceptions:

- Bond principal retired is budgeted as nonoperating expenditures.
- Proceeds from issuing long-term debt are budgeted as other sources.

Cash and Investments

For purposes of the statements of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Capital assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of 5 years. The District records its capital assets at cost. Contributed capital assets are valued at their estimated fair market value on the date of contribution. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Maintenance and repairs are charged to current period operating expenses, whereas additions and improvements are capitalized.

Depreciation of property and equipment has been provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	15-40
Wells, pumps and water lines	15-34
Tanks and reservoirs	10-40
Machinery and equipment	5-10

Bond issue costs

Bond issue costs are recorded as an asset and amortized over the life of the related bonds. Amortization is computed on the straight-line method, which approximates the effective interest method.

Copperton Improvement District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Property taxes

On or before June 22 of each year, the District sets the property tax rate. If the District intends to adopt a tax rate higher than the certified tax rate, state law requires the District to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget is made subsequent to June 22. All property taxes levied by the District are assessed and collected by Salt Lake County. Taxes are levied as of January 1 and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the District from the County on a monthly basis.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B – DEPOSITS AND INVESTMENTS

The District's deposits and investing are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be recovered. The Money Management Act requires deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the District at December 31, 2006 were \$15,040, none of which was exposed to custodial credit risk as uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities.

Copperton Improvement District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rate "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

The District's investments at December 31, 2006 are presented below:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Debt Securities					
Utah Public Treasurer's Investment Fund	\$591,596	\$591,596	\$ -	\$ -	\$ -

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

The District's policy for managing interest rate risk is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

Copperton Improvement District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk. The District's rated debt investments are presented below:

<u>Rated Debt Investments</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
Debt Securities					
Utah Public Treasurer's Investment Fund	\$591,596	\$ -	\$ -	\$ -	\$591,596

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk.

All of the District's investments at December 31, 2006 were with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to custodial credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note C.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer.

The District's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

All of the District's investments at December 31, 2006, were with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to concentration of credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note C.

NOTE C – EXTERNAL INVESTMENT POOL

The District invests in the Public Treasurer's Investment Fund (PTIF) which is an external investment pool administered by Utah State Public Treasurer. State agencies, municipalities, counties, and local governments within the State of Utah are allowed to invest in the PTIF. There is no required participation and no minimum balance or minimum/maximum transaction requirements.

Copperton Improvement District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE C – EXTERNAL INVESTMENT POOL – CONTINUED

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Chapter 51-7, Utah Code Annotated, 1953, as amended. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. The Act details the investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments.

The PTIF allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis. The participants' balance is their investment deposited in the PTIF plus their share of income, gains and losses, net of administration fees, which are allocated to each participant on the ratio of each participant's share to the total funds in the PTIF.

Twice a year, at June 30 and December 31, the investments are valued at fair value to enable participants to adjust their investments in this pool at fair value. The Bank of New York and the State of Utah separately determine each security's fair value in accordance with GASB 31 (i.e. for almost all pool investments the quoted market price) and then compare those values to come up with an agreed upon fair value of the securities.

As of December 31, 2006, the District had \$591,596 invested in the PTIF which had a fair value of \$591,600 for an unrealized gain of \$4. Due to the insignificance of this amount, the fair value of the investments in this external investment pool is deemed to be the amortized cost of the investment. The table below shows statistical information about the investment pool:

<u>Investment Type</u>	<u>Investment Percentage</u>
Corporate bonds and notes	69.20%
Money market agreements and Commercial paper	6.67%
Certificates of deposit	7.84%
U.S. Government securities	16.29%
	<u>100.00%</u>

Copperton Improvement District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE D – RESTRICTED CASH AND CASH EQUIVALENTS

Cash and cash equivalents have been restricted for the following purposes and amounts as required by the provisions of the District's various bond resolutions:

	2006	2005
Revenue bonds		
Construction project reserve accounts	\$ 310,252	\$ 295,215
Capital facilities replacement account	58,748	3,092
Bond account	44,160	104,117
Reserve accounts	62,888	49,191
	<u>\$ 476,048</u>	<u>\$ 451,615</u>

NOTE E – CAPITAL ASSETS

Capital asset activity is summarized as follows:

	January 1, 2006	Increases	Decreases	December 31, 2006
Nondepreciable capital assets:				
Construction in progress	\$ -	\$ 29,400	\$ -	\$ 29,400
Depreciable capital assets:				
Land improvements	11,537	-	-	11,537
Buildings	144,745	8,550	-	153,295
Wells, pumps and water lines	1,827,607	15,000	-	1,842,607
Tanks and reservoirs	272,636	-	-	272,636
Machinery and equipment	64,059	-	(22,274)	41,785
Total depreciable capital assets at historical cost	<u>2,320,584</u>	<u>23,550</u>	<u>(22,274)</u>	<u>2,321,860</u>
Less accumulated depreciation for:				
Land improvements	11,537	-	-	11,537
Buildings	88,516	2,614	-	91,130
Wells, pumps and water lines	410,189	46,349	-	456,538
Tanks and reservoirs	197,371	6,982	-	204,353
Machinery and equipment	57,504	4,513	(22,274)	39,743
Total accumulated depreciation	<u>765,117</u>	<u>60,458</u>	<u>(22,274)</u>	<u>803,301</u>
Depreciable capital assets, net	<u>1,555,467</u>	<u>(36,908)</u>	<u>-</u>	<u>1,518,559</u>
	<u>\$ 1,555,467</u>	<u>\$ (7,508)</u>	<u>\$ -</u>	<u>\$1,547,959</u>

Copperton Improvement District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE E – CAPITAL ASSETS – CONTINUED

	January 1, 2005	Increases	Decreases	December 31, 2005
Depreciable capital assets:				
Land improvements	\$ 11,537	\$ -	\$ -	\$ 11,537
Buildings	144,745	-	-	144,745
Wells, pumps and water lines	1,827,607	-	-	1,827,607
Tanks and reservoirs	272,636	-	-	272,636
Machinery and equipment	103,456	-	(39,397)	64,059
Total depreciable capital assets at historical cost	2,359,981	-	(39,397)	2,320,584
Less accumulated depreciation for:				
Land improvements	11,537	-	-	11,537
Buildings	88,381	135	-	88,516
Wells, pumps and water lines	364,340	45,849	-	410,189
Tanks and reservoirs	189,140	8,231	-	197,371
Machinery and equipment	85,777	4,422	(32,695)	57,504
Total accumulated depreciation	739,175	58,637	(32,695)	765,117
Depreciable capital assets, net	<u>\$1,620,806</u>	<u>\$(58,637)</u>	<u>\$ (6,702)</u>	<u>\$1,555,467</u>

NOTE F – LONG-TERM OBLIGATIONS

All long-term obligations other than compensated absences issued by the District have provided funds for the acquisition and construction of major capital facilities.

Long-term obligations consist of the following:

	2006	2005
2002 Water revenues bonds – Series A and B		
\$1,288,310 water revenue bonds due serially through 2023 with interest rates ranging from 1.96% to 3.37%	\$ 1,100,310	\$ 1,164,310
Less current maturities	67,000	64,000
	<u>\$ 1,033,310</u>	<u>\$ 1,100,310</u>

All outstanding revenue bonds are secured by a first lien on net revenues earned by the District. Net revenues are defined in the bond agreements. The District is required to establish user fees and rates that will yield net revenues equal to at least 1.25 times revenue bond debt service requirements.

Copperton Improvement District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE F – LONG-TERM OBLIGATIONS – CONTINUED

The following summarizes the debt service coverage calculations for the bonds:

Net revenues	
Operating revenues	\$222,088
Operating expenses (excluding depreciation and amortization)	(176,621)
Impact fees	5,313
Property taxes	44,919
Other revenue	10,014
Interest income	27,889
Net revenues	<u>\$133,602</u>
Annual debt service for 2006	<u>\$ 95,271</u>
Ratio of net revenues to annual debt service	<u>1.40</u>
Minimum ratio	<u>1.25</u>

The following is a summary of changes in long-term obligations:

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006	Amounts Due Within One Year
Revenue bonds payable	<u>\$1,164,310</u>	<u>\$ -</u>	<u>\$64,000</u>	<u>\$1,100,310</u>	<u>\$67,000</u>

	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005	Amounts Due Within One Year
Revenue bonds payable	<u>\$1,227,310</u>	<u>\$ -</u>	<u>\$63,000</u>	<u>\$1,164,310</u>	<u>\$64,000</u>

The annual debt service requirements to maturity, including principal and interest, for the revenues bonds as of December 31, 2006, are as follows:

Year Ending December 31,	Principal	Interest	Total Debt service
2007	\$ 67,000	\$ 38,646	\$ 105,646
2008	69,000	36,716	105,716
2009	70,000	34,752	104,752
2010	73,000	32,700	105,700
2011	74,000	30,615	104,615
2012-2016	405,000	119,345	524,345
2017-2022	342,310	50,858	393,168
	<u>\$ 1,100,310</u>	<u>\$ 343,632</u>	<u>\$ 1,443,942</u>

Copperton Improvement District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE G – COMPENSATED ABSENCES

Employees of the District are granted vacation and sick leave in varying amounts. The District has no liability for unused vacation or sick pay since the District had no full-time employees during the year.

NOTE H - RETIREMENT PLANS

Plan Description – For full-time employees, the District contributes to the Local Governmental Contributory Retirement System cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature. Because the District did not have any full-time employees during 2006, no contributions to the Systems were made.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy - Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective systems to which they belong. Because the District did not have any full-time employees during the year, there was no required contribution to the Local Governmental Noncontributory Retirement System. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The District contributions to the Local Governmental Noncontributory Retirement System for the years ended December 31, 2006, 2005, and 2004, were \$0, \$877, and \$4,260 respectively. The contributions were equal to the required contributions for each year.

NOTE I - DEFERRED COMPENSATION PLAN

Effective in 2000, the District also sponsors a deferred compensation plan under Internal Revenue Code Section 401(k) for District employees that work a minimum of 32 hours per week. The Utah State Retirement Systems administers this Plan. The District's total payroll for the year ended December 31, 2006 was \$15,225. None of that amount was eligible to participate in this Plan. The District participates at a rate of 6.2% of base payroll. This rate was established and can be changed by the Board of Trustees of the District. Because there were no eligible employees for the year ended December 31, 2006, no contributions were made to the plan. The 401(k) deferred compensation monies are not available to the District or its general creditors. Therefore, no assets or liabilities of the 401(k) deferred compensation plan are reflected in these financial statements.

Copperton Improvement District
Notes to the Basic Financial Statements
December 31, 2006 and 2005

NOTE J - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all of these risks of loss, except natural disasters other than earthquakes. There were no changes in coverage during 2006. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Expenses and claims not covered by insurance are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

District management estimates that the amount of actual or potential claims against the District as of December 31, 2006 will not materially affect the financial condition of the District.

NOTE K - CONTINGENCIES

The District has litigation arising from the normal course of business. In management's opinion, the outcome of any such litigation will not materially affect the District's financial condition. Nevertheless, due to uncertainties in the settlement process, it is at least reasonably possible that management's view of the outcome could change materially in the near term.

OTHER SUPPLEMENTAL FINANCIAL INFORMATION

Copperton Improvement District

Schedule of Water Impact Fees December 31, 2006

<u>Year</u>	<u>Collections</u>	<u>Amount Expended</u>	<u>Project Description</u>	<u>Ending Balance</u>
2000	\$ 1,771	\$ 45,590	Well upgrade	\$ (43,819)
2001	7,084	21,846	Well upgrade	(58,581)
2002	10,626	11,596	Well upgrade	(59,551)
2003	-	1,307,229	System upgrade	(1,366,780)
2004	-	22,040	System upgrade	(1,388,820)
2005	-	9,053	System upgrade	(1,397,873)
2006	5,313	15,000	Engineering for upgrade	(1,407,560)

REPORTS ON INTERNAL CONTROL, COMPLIANCE
AND OTHER MATTERS

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Copperton Improvement District

We have audited the accompanying basic financial statements of Copperton Improvement District (the District), as of and for the year ended December 31, 2006, and have issued our report thereon dated May 7, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, the board of trustees, and the Utah State Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbin & Bohlen PLLC

May 7, 2007

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
ON STATE LEGAL COMPLIANCE IN ACCORDANCE
WITH STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE

Board of Trustees
Copperton Improvement District

We have audited the accompanying financial statements of Copperton Improvement District (the District) for the year ended December 31, 2006, and have issued our report thereon dated May 7, 2007. Our audit included testwork on the District's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Special Districts
- Other General Issues
- Impact Fees and Other Development Fees

The District did not receive any major or nonmajor State grants during the year ended December 31, 2006.

The management of the District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures no instances of noncompliance with requirements referred to above.

In our opinion, the District complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2006.

This report is intended solely for the information of management, others within the organization, the board of trustees, and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbins & Buhler LLC

May 7, 2007

BOND RESOLUTION COMPLIANCE SCHEDULES AND REPORTS

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE WITH
BOND RESOLUTION

Board of Trustees
Copperton Improvement District

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Copperton Improvement District (the District) as of and for the year ended December 31, 2006 and have issued our report thereon dated May 7, 2007.

In connection with our audit, nothing came to our attention that caused us to believe that the District had failed to comply with the terms, covenants, provisions, or conditions of Article 5 of the District's Bond Resolution dated May 15, 2002 providing for the issuance of Water Revenue Bonds. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of management and the Board of Trustees of Copperton Improvement District and the State of Utah, as bond trustee, and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbins & Buhler PLLC

May 7, 2007

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
ON SCHEDULE OF NET REVENUES AND
ANNUAL DEBT SERVICE**

Board of Trustees
Copperton Improvement District

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Copperton Improvement District (the District) as of and for the year ended December 31, 2006, and have issued our report thereon which appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of net revenues and annual debt service is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In connection with our audit, nothing came to our attention that caused us to believe that the District had failed to comply with the terms, covenants, provisions, or conditions of Article 5.1 (as the terms, "net revenues" and "annual debt service" are defined in the Bond Resolution) of the Bond Resolution dated May 15, 2002 providing for the Issuance of Water Revenue Bonds. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of management and the Board of Trustees of Copperton Improvement District and the State of Utah as bond trustee, and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbins & Buhler PLLC

May 7, 2007

Copperton Improvement District

SCHEDULE OF NET REVENUES AND ANNUAL DEBT SERVICE

Year ended December 31, 2006

Net revenues	
Operating revenues	\$222,088
Operating expenses (excluding depreciation and amortization)	(176,621)
Impact fees	5,313
Property taxes	44,919
Other revenue	10,014
Interest income	27,889
Net revenues	<u>\$133,602</u>
Annual debt service for 2006*	<u>\$ 95,271</u>
Ratio of net revenues to annual debt service	<u>1.40</u>
Minimum ratio	<u>1.25</u>

*Annual debt service includes only debt service on revenue bonds which are secured by revenues of the District. Annual debt service for 2006 related to the 2002 revenue bonds is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2002 Water Revenue Bonds Series A and B	<u>\$64,000</u>	<u>\$31,271</u>	<u>\$95,271</u>

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REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
ON SCHEDULE OF INSURANCE
POLICIES IN FORCE

Board of Trustees
Copperton Improvement District

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Copperton Improvement District (the District) as of December 31, 2006 and have issued our report thereon which appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of insurance policies in force at December 31, 2006 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In connection with our audit, nothing came to our attention that caused us to believe that the District had failed to comply with the terms, covenants, provisions, or conditions of Article 6.10 of the Bond Resolution dated May 15, 2002 providing for the Issuance of Water Revenue Bonds. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of management and the Board of Trustees of Copperton Improvement District and the State of Utah as bond trustee, and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbins & Buhler PLLC

May 7, 2007

Copperton Improvement District

SCHEDULE OF INSURANCE POLICIES IN FORCE

December 31, 2006

Description	Issuer	Limit	Expiration Date
Comprehensive General Liability (including Public Officials Errors and Omissions)	Utah Local Governments Trust	\$ 5,000,000	Continuous
Auto Liability	Utah Local Governments Trust	5,000,000	Continuous
No-Fault Sewer Clean-up	Utah Local Governments Trust	2,500	Continuous
Property Coverage Building	Unigard Insurance Company	1,330,900	July 1, 2007
Contents	Unigard Insurance Company	176,099	July 1, 2007
Public Official	Monson	25,000	January 7, 2007
Public Official	Monson	25,000	January 7, 2007
Special Bond Issue – Chairman	Monson	214,000	July 17, 2007
Special Bond Issue – Treasurer	Monson	214,000	July 17, 2007

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4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
ON SCHEDULE OF WATER
CONNECTIONS AND BILLINGS

Board of Trustees
Copperton Improvement District

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Copperton Improvement District as of and for the year ended December 31, 2006 and have issued our report which appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of water connections and billings as of December 31, 2006 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management and the Board of Trustees of Copperton Improvement District and The State of Utah as bond trustee, and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbins & Buhler PLLC

May 7, 2007

Copperton Improvement District
SCHEDULE OF WATER CONNECTIONS AND BILLINGS

December 31, 2006

<u>Number of Connections</u>	<u>Total Amount Billed Year ended December 31, 2006</u>
<u>323</u>	<u>\$220,861</u>

Applications for water service
on hand at year end:

-

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
ON SCHEDULE OF FUNDS REQUIRED
BY BOND RESOLUTION

Board of Trustees
Copperton Improvement District

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Copperton Improvement District (the District) as of and for the year ended December 31, 2006 and have issued our report thereon which appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of funds required by bond resolution as of December 31, 2006 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In connection with our audit, nothing came to our attention that caused us to believe that the District had failed to comply with the terms, covenants, provisions, or conditions of Article 4.4 of the Bond Resolution dated May 15, 2002 providing for the issuance of Water Revenue Bonds. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of management and the Board of Trustees of Copperton Improvement District and the State of Utah as bond trustee, and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbins & Buhler PLLC

May 7, 2007

Copperton Improvement District

SCHEDULE OF FUNDS REQUIRED BY BOND RESOLUTION

December 31, 2006

2002 Water Bonds - Series A and B						
	Project Account	Project Escrow Account	Series A Reserve Account	Series B Reserve Account	Series A and B Bond Fund Account	Series A and B Replacement Account
						Total
Balance at January 1, 2006	\$295,215	\$ -	\$ 31,878	\$ 17,313	\$ 104,117	\$ 3,092
Investment income (loss) for the year	15,037		1,916	1,041	4,520	1,656
Additional funds deposited by the District			6,960	3,780	40,523	4,000
Additional funds deposited from loan proceeds	-	-	-	-	-	-
Funds disbursed/transferred by the trustee			-	-	(105,000)	50,000
Balance at December 31, 2006	<u>\$310,252</u>	<u>\$ -</u>	<u>\$ 40,754</u>	<u>\$ 22,134</u>	<u>\$ 44,160</u>	<u>\$ 58,748</u>
						<u>\$ 476,048</u>